# Public Appointments Commission Secretariat

## 2009-10 Departmental Performance Report

The Right Honourable Stephen Harper
Prime Minister of Canada

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Secretariat

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## SECTION I

## DEPARTMENTAL OVERVIEW

### 1. Raison d'être

The mandate of the Public Appointments Commission is to oversee and report on the selection process for Governor-in-Council appointments in agencies, boards, commissions and Crown corporations. To achieve efficiency in the public sector, there is a need for the federal government to provide greater certainty and consistency in appointment policies and in the process and standards that are followed.

The Public Appointments Commission Secretariat's role is to provide advice and support respecting the development of the Public Appointments Commission and, once the Commission is established, to assist it in developing and implementing policies and procedures and partnerships necessary to successfully carry out its mandate.

### 2. Responsibilities

The Public Appointments Commission Secretariat was created by Order-in-Council on April 21, 2006. The Commission and its Secretariat are within the portfolio of the Prime Minister, reflecting the prerogative of the Prime Minister with respect to Governor-in-Council appointments.

The Secretariat's main responsibility is to lay the groundwork for the establishment of the Public Appointments Commission which is provided for in the *2006 Federal Accountability Act*, and once established, to provide ongoing support. Specifically, the Secretariat will advise the Commission on the development of a *Code of Practice* and associated guidance governing the selection process for Governor-in-Council appointments to agencies, boards, commissions and Crown corporations; provide advice and support on implementing the *Code of Practice;* provide advice and support to the Commission in carrying out the mandate to conduct audits on compliance with the *Code of Practice;* and provide advice and support to the Commission on the preparation of an Annual Report to the Prime Minister and, through the Prime Minister, to Parliament.

### 3. Strategic Outcome and Program Activities

The Public Appointments Commission has one Strategic Outcome, as described below, which is supported by two program activities.

**Strategic Outcome**: To ensure fair and competency-based processes are in place for the recruitment and selection of qualified individuals for Governor-in-Council appointments across agencies, boards, commissions and Crown corporations.

### Program Activities

Program Activity: Oversight of Governor-in-Council appointments

This covers activities relating to: the development of options for a principle-based and proportional *Code of Practice*, including minimum criteria covering selection criteria, recruitment strategies and assessment processes; the development of procedures and guidance to assist auditors to assess compliance to the *Code of Practice*, once implemented; continued research into domestic and international agencies responsible for public appointments to identify best practices; the development of frameworks for reporting to the Prime Minister and Parliament; and internal evaluation frameworks to measure success in achieving the mandate. Additionally, advice and best practices are shared with Privy Council Office (PCO) officials to support ongoing improvements to existing appointment frameworks.

Program Activity: Internal Services

As the Public Appointments Secretariat is limited in size and as the Secretariat must function as a department within the meaning of Schedule 1.1 of the *Financial Administration Act*, the Corporate Services Branch within PCO provides administrative and financial services under a Memorandum of Understanding (MOU), with most services provided by PCO on a cost recovery basis.

## 4. Performance Summary

**2009-10 Financial Resources (thousands of dollars)**

| Planned Spending | Total Authorities | Actual Spending | |
|---|---|---|---|
| 1,063 | 1,018 | 291 | |

**Human Resources (FTEs)**

| Planned | Actual | Difference |
|---|---|---|
| 4 | 1 | 3 |

During the year 2009-10, the Public Appointments Commission Secretariat had a small team of two, a Deputy Executive Director on assignment and an Administrative Assistant on contract. Contracted staff are not included in full-time equivalent totals.

### Performance Summary

(thousands of dollars)

| Program Activity | 2008-09 Actual Spending | 2009-10 | | | | Alignment to Government of Canada Outcomes |
|---|---|---|---|---|---|---|
| | | Main Estimates | Planned Spending | Total Authorities | Actual Spending | |
| Oversight of Governor-in-Council appointments | 347 | 963 | 963 | 918 | 238 | A well-managed and smoothly operating government machinery. |
| Internal Services | Note 1 | 100 | 100 | 100 | 53 | |
| **Total Spending** | **347** | **1,063** | **1,063** | **1,018** | **291** | |
| **Full-time Equivalents** | **1** | **4** | **4** | **4** | **1** | |

*[1] Commencing in the 2009-10 Estimates cycle, the resources for the Internal Services program activity are displayed separately from other program activities; they are no longer distributed among the remaining program activities, as was the case in previous Main Estimates. This has affected the comparability of spending and FTE information by program activity between fiscal years.*

**Departmental Priorities/Contribution to Strategic Outcome**

| Name | Type | Performance Status |
|---|---|---|
| 1. Support the Commission | Ongoing | Successful completion requires establishment of Commission |
| 2. Build the Organization | Ongoing | Successful completion requires establishment of Commission |
| 3. Develop the *Code of Practice* | Ongoing | Successful completion requires establishment of Commission |
| 4. Monitor, Audit and Report | Ongoing | Successful completion requires establishment of Commission |

## Priority 1: Support the Commission

Once the Commission is established, the Secretariat will provide policy and operational support to the chair and any members appointed.

## Priority 2: Build the Organization

In order to support the Commission once established, the Secretariat needs to ensure that the plans for its organizational structure including fulfilling planning and reporting obligations under Section 1.1 of the *Financial Administration Act* are ready.

## Priority 3: Develop the *Code of Practice*

The Secretariat's work focuses on researching best practices, conducting literature reviews, consulting with federal departments, agencies, boards, commissions and Crown corporations and with other levels of government in Canada and abroad to develop, for the early consideration of the Commission, a *Code of Practice* and associated guidance for selection processes regarding Governor-in-Council appointments.

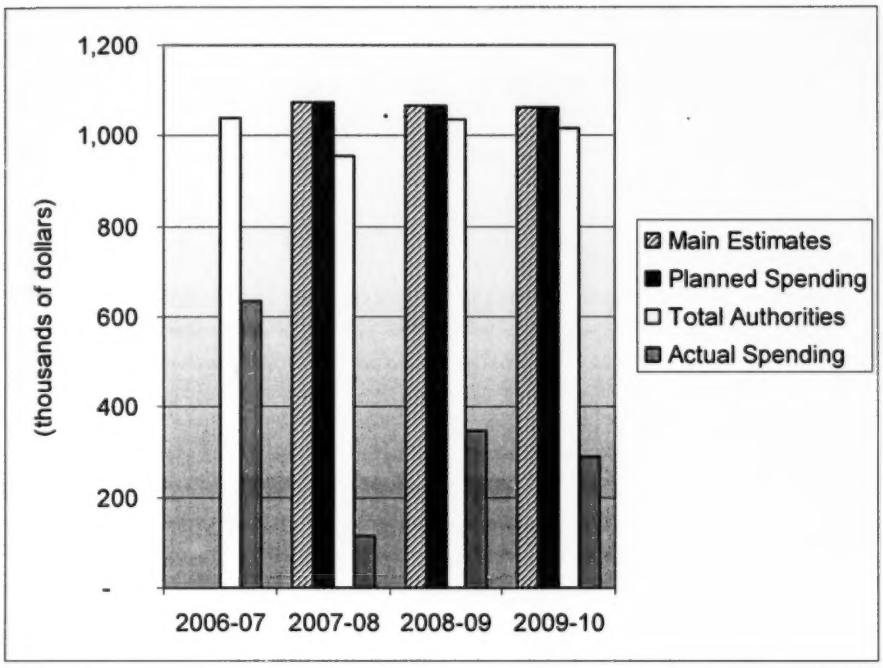
## Priority 4: Monitor, Audit and Report

The 2006 *Federal Accountability Act* requires the Commission to provide advice and to monitor the application of the *Code of Practice*, and provide the Prime Minister with an Annual Report tabled in both Houses of Parliament.

## Risk Analysis

As the Commission was not established / operational for 2009-10, the Secretariat's work was completed in "draft," that is, subject to the approval of the Commission once established, and there was no permanent staffing of the Secretariat. The Secretariat's work primarily focused on research and identification of best practices, to be shared on a timely basis with PCO officials, in order to inform their ongoing reform efforts in support of the appointments system.

## Expenditure Profile




The Secretariat was established by Order-in-Council in April 2006, and was headed at that time by an Executive Director as its Deputy Head. The total planned spending will only be required once the Commission is fully operational.

The Public Appointments Commission Secretariat was fully operational in 2006-07, the year of its establishment. Shortly thereafter, the Commission was held in abeyance. Since 2007-08, the Secretariat has been laying groundwork for a new Commission and its expenditures have remained stable for the past two fiscal years.

### Voted and Statutory Items
(thousands of dollars)

| Vote 1 or Statutory Items (S) | Truncated Vote or Statutory Wording | 2007-08 Actual Spending | 2008-09 Actual Spending | 2009-10 Main Estimates | 2009-10 Actual Spending |
|---|---|---|---|---|---|
| 1 | Program expenditures [1] | 103 | 303 | 945 | 265 |
| (S) | Contributions to employee benefit plans | 10 | 44 | 118 | 26 |
| **Total** | | **113** | **347** | **1,063** | **291** |

*Due to rounding, figures may not add to the totals shown.*

*[1] Please refer to the spending trends graph for more details on departmental spending trends. Please refer to the Performance Summary above or to Annex II (provided electronically) for more details on the total Main Estimates and the total Actual Spending.*

## SECTION II

## ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

### Performance Analysis of Priorities

| Program Activity: Oversight of the Governor-in-Council Appointments | | | | | |
|---|---|---|---|---|---|
| 2009-10 Financial Resources (thousands of dollars) | | | 2009-10 Human Resources (FTEs) | | |
| Planned Spending | Total Authorities | Actual Spending | Planned | Actual | Difference |
| 963 | 918 | 238 | 4 | 1 | 3 |

### Priority 1: Support the Commission

The Public Appointments Commission Secretariat is charged with the development of policy and operational documents for consideration by the Commission, once established. The materials have been prepared and updated to reflect ongoing practices for similar federal entities, domestically and internationally. The materials include guidance for the board of directors, an internal code of conduct, a strategic communications policy, speeches and other outreach materials such as brochures and leaflets, and the development of a website to be launched with the announcement of a Commission, which will explain its roles and functions and present such key documents as the *Code of Practice* and associated guidance (see priority 3).

### Priority 2: Build the Organization

The Treasury Board of Canada has approved the Program Activity Architecture and funding for the Commission and the Secretariat, once both are fully operational. Resources are deemed sufficient for a Commission (part time member(s)), a core Secretariat of 3 to 4 permanent staff, and an annual contract via government tendering processes to secure external auditors to assess compliance to the Commission's policies and procedures. In advance of the Commission, the Treasury Board has provided a limited budget for advance work by a core Secretariat, staffed on a temporary basis. Additionally, a management accountability framework has been prepared which outlines how performance for both the Commission and its Secretariat will be assessed, once the former is established.

The Secretariat is currently supported by the Privy Council Office for financial and administrative services via the Memorandum of Understanding (MOU). The costing of the MOU is now fully reflected in all of the Secretariat's financial reporting. Preparations for permanent staffing have also been completed which should provide for a quick start up of a permanent structure once an Executive Director (as Deputy Head) is appointed.

## Priority 3: Develop the Code of Practice

The Secretariat has developed options for a *Code of Practice* which will be the primary document the Commission will need to review, adopt, and publish to fulfill its mandate within the shortest timeframe.

The *Code of Practice* will be the definitive document for public organizations under the Commission's jurisdiction, but could be supplemented by procedures developed and tailored by individual agencies.

The Secretariat's consultative work and ongoing work programs, including research into procedures and best practices of similar domestic and international accountability bodies, have indicated widespread agreement on the fundamental directions for the range of options developed for the *Code of Practice*. There is a strong consensus for a *Code of Practice* that builds on the strengths and recent reforms of the current system, and still maintains the well-established tradition of Ministerial responsibility, specifically:

- the processes set out by the *Code of Practice* will need to be cost-effective, timely, and not burdensome, particularly in light of the wide range in size, scope and profile of federal organizations under the Commission's jurisdiction, which argues against a "one size fits all" approach;

- the focus will need to remain on competency-based appointments, but with sufficient allowance to meet diversity and representational needs for public boards (i.e., relevant skills, interests and backgrounds);

- the need for the *Code of Practice* to be flexible and proportionate, meaning that appointment processes are to be appropriate to the nature and profile of the vacancy to be filled and the needs of the organization and its stage of development; and

- in all cases, appointment processes adopted need to be set out clearly and publicly.

## Priority 4: Monitor, Audit and Report

A Performance Measurement Framework has been prepared, with the assistance of the Treasury Board Secretariat, with respect to performance indicators, to measure the expected outcomes of the Commission and its Secretariat, once fully established and operational. Performance indicators will need to focus on base compliance to the *Code of Practice*, evidence of consistent and quality selection processes, internal cultural support for governance reforms in appointment processes, and increased public awareness and support for the appointment system in general. A proposed framework has also been developed for the Commission's Annual Report. The Commission and its Secretariat will be subject to internal audits, under the supervision of the PCO, as set out in the MOU.

## Lessons Learned

While awaiting the creation of the Commission, the Secretariat needed to ensure that its research and work efforts informed and contributed to the ongoing efforts lead by the PCO to improve the Governor-in-Council appointment system. For 2009-10, the Secretariat kept abreast with developments, domestically and internationally, in this area, and highlighted where efforts might be directed to provide more consistent and rigorous Governor-in-Council appointment practices across federal organizations.

Looking domestically, British Columbia, Alberta and Ontario have distinct internal organizations that give advice on and monitor public appointments. British Columbia Board Resource Development Office (BRDO) represents the most centralized appointment process in light of the fact that almost all public appointments, including appointments to administrative tribunals must be handled by this Office. The BRDO provides specific guidance on all aspects of the appointment process, is actively involved in each individual appointment round, requires active participation from all government agencies, boards, and commissions in the process, performs and oversees due diligence reviews, oversees orientation, training and evaluation, and manages a central website which can accept on-line applications. Alberta's Agency Governance Secretariat is less "hands-on" when compared with the BRDO. Its approach is to set principles and policies, with the operations for public appointments decentralized with respective Ministers and their departments; its unique feature is its integration of the appointment system with overall governance policy and management. Ontario's Public Appointment Secretariat manages a centralized database for tracking appointment terms and expiration dates, posts vacancies on its website and provides for on-line applications; also, all persons applying to serve on public bodies in Ontario must apply through this Secretariat.

Although Nova Scotia, New Brunswick and Prince Edward Island have not created distinct appointment secretariats, many functions of such secretariats are performed by staff within the government's Executive Council. The focus has been on the creation of consistent but flexible appointment guidelines and the development of centralized websites capable of handling on-line applications. The latter is aimed to address openness and transparency concerns, and to enhance the range of applicants available for vacancies in this sector.

Much of the work of these organizations follows the early precedents set out by the United Kingdom's Commissioner of Public Appointments, whose office regulates the public appointments process, monitors compliance with a *Code of Practice* through annual audits and the investigation of complaints about appointment processes, and promotes fair selection procedures focused on merit. Detailed information about appointment processes and the population of public appointees is provided annually to Parliament.

Recent trends in policy development and procedures include: a greater focus on strategic planning for appointments and reappointments, in part to reduce vacancy rates and the amount of time required for each appointment round; strengthening clearing-house functions to identify and distribute good practices; a stronger focus on both individual and board performance evaluation, including the need to assess members for quasi-judicial bodies while still respecting their need for independence; development of internal systems to monitor appointment procedures and to

generate data to evaluate system outcomes; conducting reviews of the agency sector, including assessing board needs in terms of appointments; developing internal systems to provide for continuing monitoring and evaluation of this sector; devising enhanced due diligence protocols; providing for a strengthened role for Parliament respecting public appointments; and developing pro-active policies and outreach to improve the range of individuals applying for these types of positions, in line with diversity and representativeness objectives. Québec has taken the strongest lead on diversity, employing both policy and legislative approaches.

The Governor-in-Council appointment system for the federal government has well developed policies and procedures and much progress has been made since 2006 to strengthen the system and improve its rigour. Looking ahead, and in light of advancements in other jurisdictions, future efforts might require stronger focus on: planning for appointments and reappointments; developing internal systems to better monitor and assess key elements of the appointment system; strengthening selection requirements for senior positions and ensuring that boards have assessed their needs in terms of membership; providing consistency in performance evaluation; and providing for greater transparency via expansion of the PCO appointments website to accept on-line applications and to enhance information to the public on the advantages of public appointments, and how a citizen can identify his or her interest, and on the Governor-in-Council population, in general.

| Program Activity: Internal Services [1] | | | | | |
|---|---|---|---|---|---|
| 2009-10 Financial Resources (thousands of dollars) | | | 2009-10 Human Resources (FTEs) | | |
| Planned Spending | Total Authorities | Actual Spending | Planned | Actual | Difference |
| 100 | 100 | 53 | 0 | 0 | 0 |

*[1] Commencing in the 2009-10 Estimates cycle, the resources for the Internal Services program activity are displayed separately from other program activities; they are no longer distributed among the remaining program activities, as was the case in previous Main Estimates. This has affected the comparability of spending and FTE information by Program Activity between fiscal years.*

## SECTION III

## SUPPLEMENTARY INFORMATION

### Supplementary Information-Financial Highlights

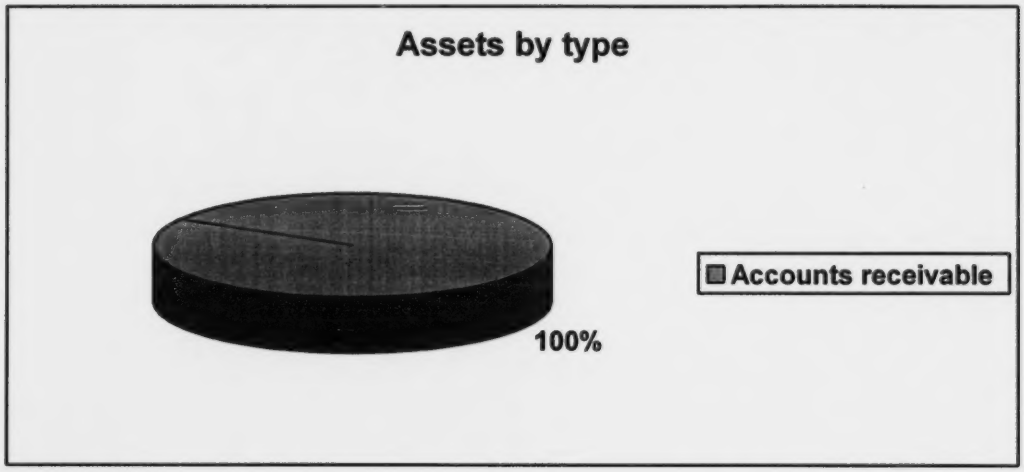
(in thousands of dollars)

| Condensed Statement of Financial Position<br>At March 31, 2010 | % change | 2010 | 2009 |
|---|---|---|---|
| ASSETS | | | |
| Assets | 53% | 92 | 60 |
| **Total assets** | **53%** | **92** | **60** |
| LIABILITIES AND EQUITY OF CANADA | | | |
| Liabilities | (42%) | 64 | 110 |
| Equity of Canada | 156% | 28 | (50) |
| **Total liabilities and equity of Canada** | **53%** | **92** | **60** |

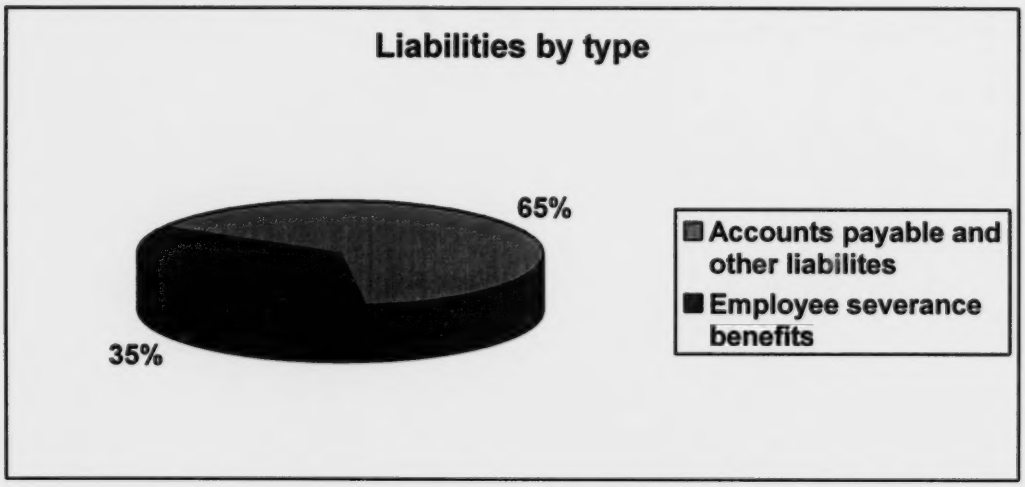
(in thousands of dollars)

| Condensed Statement of Operations<br>For the year ended March 31, 2010 | % change | 2010 | 2009 |
|---|---|---|---|
| EXPENSES | (19%) | 404 | 497 |
| **NET COST OF OPERATIONS** | **(19%)** | **404** | **497** |

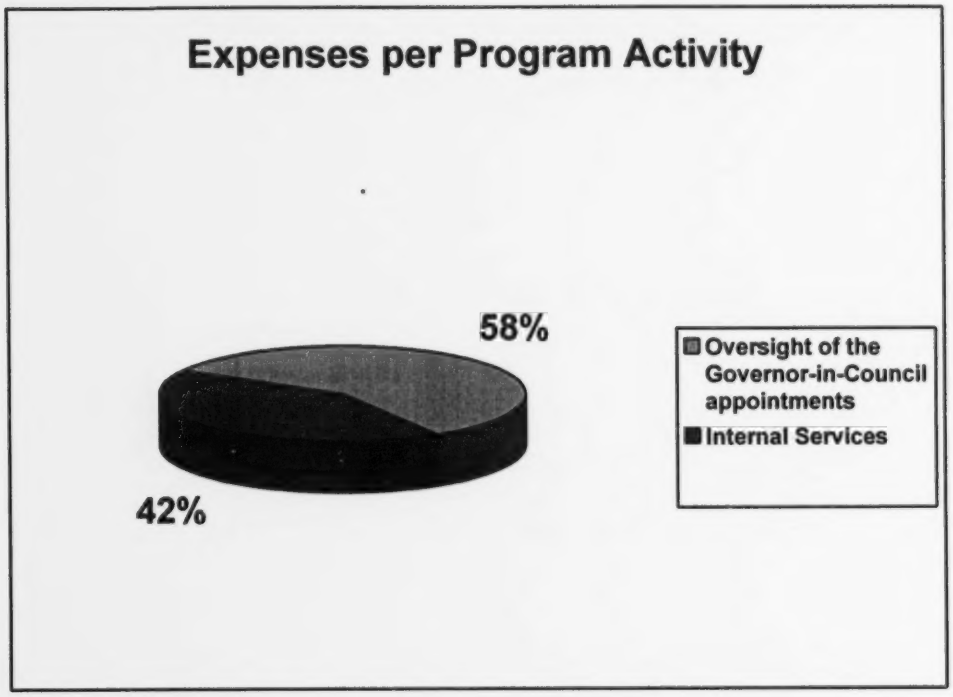
Total net cost of operation was $404 thousand at the end of 2009-10, a decrease of $93 thousand over the previous year (19%). The decrease is mainly due to lower translation costs, Employee Benefit Plan and severance pay.




Total assets were $92 thousand at the end of 2009-10, an increase of $32 thousand over the previous year (53%). Accounts receivable represent 100% of the PACS assets.




Total liabilities were $64 thousand at the end of 2009-10, a decrease of $46 thousand over the previous year (42%). The decrease was mainly due to less account payables and liabilities at year-end related to salaries, such as employee benefits plan, performance pay and severance pay.




The Public Appointments Commission Secretariat has two Program Activities related to its Strategic Outcome. The Program Activity Oversight of the Governor-in-Council represents the main activity which contributes to the achievement of all Government of Canada outcomes by ensuring that selection processes for federal Governor-in-Council appointments are fair and competency-based. The Internal Services Program Activity supports the effective and efficient delivery of the first program.

In fiscal year 2009-10, $233 thousand (58%) was spent under the Program Activity Oversight of the Governor-in-Council and $171 thousand (42%) was spent under the Program Activity Internal Services.

# PUBLIC APPOINTMENTS COMMISSION SECRETARIAT

## FINANCIAL STATEMENTS

## (For the year ended March 31, 2010)

### Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2010 and all information contained in these statements rests with departmental management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Public Appointments Commission Secretariat's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the Public Appointments Commission Secretariat's Departmental Performance Report is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable; that assets are safeguarded; and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at

ensuring that regulations, policies, standards and managerial authorities are understood throughout the Public Appointments Commission Secretariat.

The financial statements of the Public Appointments Commission Secretariat have not been audited.

Christine Miles
Deputy Executive Director

Ottawa, Ontario
September 7, 2010

## Statement of Operations (Unaudited)
## For the year ended March 31, 2010

| Expenses (Note 4) | 2010 | 2009 |
|---|---|---|
| | (in thousands of dollars) | |
| Salaries and employee benefits | 249 | 271 |
| Accommodations (Note 8) | 94 | 94 |
| Professional and special services | 49 | 79 |
| Employee severance benefits (Note 6b) | 6 | 39 |
| Rental | 4 | 4 |
| Utilities, materials and equipment | 1 | 2 |
| Transportation and telecommunication | 1 | 1 |
| Repairs and maintenance | - | 5 |
| Other expenses | - | 2 |
| **Net Cost of Operations** | **404** | **497** |

The accompanying notes form an integral part of these financial statements.

## Statement of Financial Position (Unaudited)
**At March 31, 2010**

| Assets | 2010 | 2009 |
|---|---|---|
| | (in thousands of dollars) | |
| **Financial assets** | | |
| Accounts receivable from other federal government departments and agencies | 92 | 60 |
| **Total financial assets** | **92** | **60** |
| **Liabilities and Equity of Canada** | | |
| **Liabilities** | | |
| Accounts payable and accrued liabilities (Note 5) | 19 | 71 |
| Employee severance benefits (Note 6b) | 45 | 39 |
| **Total liabilities** | **64** | **110** |
| **Equity of Canada** | **28** | **(50)** |
| **Total** | **92** | **60** |

Contractual obligations (Note 7)
The accompanying notes form an integral part of these financial statements.

## Statement of Equity of Canada (Unaudited)
## At March 31, 2010

| | 2010 | 2009 |
|---|---|---|
| | (in thousands of dollars) | |
| **Equity of Canada, beginning of year** | **(50)** | **102** |
| Net cost of operations | (404) | (497) |
| Services provided without charge by other government departments (Note 8) | 107 | 111 |
| Current year appropriations used (Note 3) | 291 | 347 |
| Change in net position in the Consolidated Revenue Fund (Note 3c) | 84 | (113) |
| **Equity of Canada, end of year** | **28** | **(50)** |

The accompanying notes form an integral part of these financial statements.

## Statement of Cash Flow (Unaudited)

For the year ended March 31, 2010

| | 2010 | 2009 |
|---|---|---|
| | (in thousands of dollars) | |
| **Operating Activities** | | |
| Net cost of operations | 404 | 497 |
| **Non-cash items** | | |
| Services provided without charge by other government departments (Note 8) | (107) | (111) |
| **Variation in Statement of Financial Position** | | |
| Increase in accounts receivable | 32 | (59) |
| (Increase) decrease in liabilities: | | |
| Accounts payable | 52 | (54) |
| Employee severance benefits | (6) | (39) |
| | 78 | (152) |
| **Cash used by operating activities** | **(29)** | **(263)** |
| **Net cash provided by Government of Canada** | **375** | **234** |

The accompanying notes form an integral part of these financial statements.

## Notes to Financial Statements (Unaudited)

For the year ended March 31, 2010

### 1. *Authority and Objectives*

The Public Appointments Commission Secretariat was established by Order in Council number PC 2006-0228, on April 21, 2006. The Secretariat was created to prepare the ground for the establishment of the Public Appointments Commission, and once established, to provide ongoing support. The mandate of the Commission and its Secretariat is described in the *Federal Accountability Act.*

The Commission and its Secretariat are within the portfolio of the Prime Minister, reflecting the prerogative of the Prime Minister with respect to Governor-in-Council appointments.

### 2. *Summary of Significant Accounting Policies*

The financial statements have been prepared in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector. Significant accounting policies are as follows:

a) **Parliamentary appropriations**: The Public Appointments Commission Secretariat is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the Public Appointments Commission Secretariat do not parallel financial reporting according to Canadian generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statements of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provide a high-level reconciliation between the bases of reporting.

b) **Net cash provided by government**: The Public Appointments Commission Secretariat operates within the Consolidated Revenue Fund (CRF). The CRF is administered by the Receiver General for Canada. All cash received by the Public Appointments Commission Secretariat is deposited to the CRF and all cash disbursements made by the Public Appointments Commission Secretariat are paid from the CRF. The net cash provided by government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

c) **Change in net position in the Consolidated Revenue Fund** is the difference between the net cash provided by government and appropriations used in a year, excluding the amount of non-respendable revenue recorded by the Public Appointments Commission Secretariat. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

d) **Expenses** are recorded on the accrual basis:

- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.

- Services provided without charge by other government departments for accommodation and the employer's contribution to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

e) **Employee future benefits**:

i. Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multi-employer plan administered by the Government of Canada. The Public Appointments Commission Secretariat's contributions to the plan are charged to expenses in the year incurred and represent the total departmental obligation to the plan. Current legislation does not require the Public Appointments Commission Secretariat to make contributions for any actuarial deficiencies of the plan.

ii. Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the government as a whole.

f) **Accounts receivable** are stated at amounts expected to be ultimately realized. A provision is made for receivables where recovery is considered uncertain.

g) **Measurement uncertainty**: The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believed these estimates and assumptions to be reasonable. The most significant item where estimates are used is the liability for employee severance benefits. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustment become necessary, they are recorded in the financial statements in the year they become known.

### 3. *Parliamentary Appropriations*

The Public Appointments Commission Secretariat receives most of its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Public Appointments Commission Secretariat has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

**a) Reconciliation of net cost of operations to current year appropriations used:**

| | 2010 | 2009 |
|---|---|---|
| | (in thousands of dollars) | |
| **Net cost of operations** | 404 | 497 |
| Adjustments for items affecting net cost of operations but not affecting appropriations: | | |
| Add (Less): | | |
| Services provided without charge by other government departments (Note 7) | (107) | (111) |
| Employee severance benefits | (6) | (39) |
| **Current year appropriations used** | **291** | **347** |

**b) Appropriations provided and used:**

| | 2010 | 2009 |
|---|---|---|
| | (in thousands of dollars) | |
| Vote - Operating expenditures | 992 | 992 |
| Statutory amounts | 26 | 44 |
| Less: | | |
| Lapsed appropriations: Operating | (727) | (689) |
| **Current year appropriations used** | **291** | **347** |

**c) Reconciliation of net cash provided by government to current year appropriations used:**

| | 2010 | 2009 |
|---|---|---|
| | (in thousands of dollars) | |
| Net cash provided by government | 375 | 234 |
| Change in net position in the Consolidated Revenue Fund | | |
| Variation in accounts receivable | (32) | 59 |
| Variation in accounts payable | (52) | 54 |
| | (84) | 113 |
| **Current year appropriations used** | **291** | **347** |

### *4. Expenses*

The following table presents details of expenses by Program Activity:

| | 2010 | 2009 |
|---|---|---|
| | (in thousands of dollars) | |
| **Program Activity** | | |
| Oversight of the Governor-in-Council appointments | 233 | 386 |
| Internal Services | 171 | 111 |
| **Total** | **404** | **497** |

### *5. Accounts Payable*

The following table presents details of accounts payable:

| | 2010 | 2009 |
|---|---|---|
| | (in thousands of dollars) | |
| Payables to external parties | 3 | 7 |
| Payables to other federal government departments and agencies | 16 | 64 |
| **Total** | **19** | **71** |

### *6. Employee Benefits*

**(a) Pension benefits**: Eligible Public Appointments Commission Secretariat's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and are indexed to inflation.

Both the employees and the Public Appointments Commission Secretariat contribute to the cost of the Public Service Pension Plan. The 2009-10 expense amounts to $ 23,707 ($39,789 in 2008-09) which represents approximately 1.9 (2.0 in 2008-09) the contributions by employee.

The Public Appointments Commission Secretariat responsibility with regard to the plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the plan's sponsor.

**(b) Severance benefits**: The Public Appointments Commission Secretariat provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

| | 2010 | 2009 |
|---|---|---|
| | (in thousands of dollars) | |
| Accrued benefits obligation, beginning of year | 39 | - |
| Expense for the year | 6 | 39 |
| Benefit paid during the year | - | - |
| **Accrued benefit obligation, end of year** | **45** | **39** |

### *7. Contractual Obligations*

The nature of Public Appointments Commission Secretariat's activities can result in large multi-year contracts and obligations whereby the Department will be obligated to make future payments when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

| (in thousands of dollars) | 2011 | 2012 | 2013 | 2014 | 2015 and thereafter | Total |
|---|---|---|---|---|---|---|
| Rental | 6 | 6 | 8 | - | - | 20 |
| Professional and special services | 18 | - | - | - | - | 18 |
| **Total** | **24** | **6** | **8** | **-** | **-** | **38** |

### *8. Related Party Transactions*

The Public Appointments Commission Secretariat is related as a result of common ownership to all Government of Canada departments, agencies and Crown corporations. The Public Appointments Commission Secretariat enters into transactions with these entities in the normal course of business and on normal trade terms.

**Services provided without charge**: During the year, the Public Appointments Commission Secretariat received, without charge from other government departments, accommodation and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the Public Appointments Commission Secretariat's Statement of Operations as follows:

| | 2010 | 2009 |
|---|---|---|
| | (in thousands of dollars) | |
| Accommodation | 93 | 94 |
| Employer's contribution to the health and dental insurance plans | 14 | 17 |
| **Total** | **107** | **111** |

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada are not included as an expense in the Public Appointments Commission Secretariat's Statement of Operations.

### *9. Program Activity Reporting*

The 2009-10 Note 4 (Expenses) for the Public Appointments Commission Secretariat was prepared on the Treasury Board Secretariat reporting requirements for program activities. As a result, charges for Internal Services activities which were included in Oversight of the Governor-in-Council appointments activity in prior years, have now been presented separately. If this reporting requirement had not been implemented, expenses for 2009-10 would have been reported as follows:

| | 2010 | 2009 |
|---|---|---|
| | (in thousands of dollars) | |
| **Program Activity** | | |
| Oversight of the Governor-in-Council appointments | **404** | **497** |